

## New York gets crushed in year of record lows

*For the real estate industry, this year's 'worsts' far outweigh 'bests'*

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Until last year, *The Real Deal's* annual accounting of real estate records was a Mad Libs of giddy peaks: The highest price ever paid for [insert type of real estate] in [insert name of borough] was catalogued, time and again.

Even in 2008 -- before Lehman Brothers fell and the recession tightened its stranglehold on the city -- records were toppled. On the residential side, Manhattan logged the highest median sale price ever, \$945,276, while on the commercial side, Boston Properties paid \$2.9 billion for the GM Building, the highest price ever shelled out in the United States for an office tower.

But many of 2009's records are record lows, rather than record highs. For example, the second quarter of the year saw the largest year-over-year drop -- 25.6 percent -- ever recorded by appraisal firm Miller Samuel in Manhattan's median sale price for apartments. The firm has been releasing market reports for the last decade.

Meanwhile, in March, Manhattan condo and co-op inventory reached 10,445 units, also the highest level ever tracked by Miller Samuel -- though, in a sign of market improvement, the firm also recorded a record drop in inventory, 21 percent, between the end of March and the end of October 2009. (During that period, apartment inventory went from 10,445 to 8,251 units.)

The rise in sales that helped chip away at that inventory, which began in the summer, however, was propelled by sub-\$1 million sales -- a market that didn't lend itself to record-high home sales.

Paul Purcell, cofounder of brokerage Charles Rutenberg in New York, noted that one of the large number of reasons there were fewer ultra-luxury sales this year was because even extremely wealthy buyers became self-conscious.

"[During the boom], the muckety-mucks loved bragging about how much they paid -- they were buying bragging rights by paying record amounts," Purcell said. "Now, the people who have a lot of money to spend want to be very quiet about it."

While residential brokers believe the market has turned a corner -- albeit tentatively, with no certainty that it won't double back to the dark days seen at the beginning of this year -- commercial real estate players have fewer reasons to be optimistic.

In the year drawing to a close, the volume of building sales saw a more than 90 percent decline from 2007's peak, storefront vacancy reached its highest level in nearly two decades, and all the major commercial brokerages reported losses.

Eric Anton, a managing director and principal at Eastern Consolidated, said the reason there was such a huge drop in building sales was because there was such a huge spike the 18 months beforehand. Still, he said, "The fundamentals have not gotten any better [since Lehman crashed]. We're not going to see records for office buys for awhile."

## Records

- The Frank Gehry-designed **Beekman Tower** in Lower Manhattan topped off in the middle of last month. At 76 stories, it is set to be the tallest residential building in the city.
- Last month, the number of **stalled construction sites** tracked by the city totaled more than 500, with the highest concentration in the Williamsburg-Greenpoint area. While the city just started tallying those stats this year, sources say there are more stalled sites this time around than during the last recession.
- In late fall, Mortgage Graveyard, a journal of failed and struggling lenders maintained by MortgageDaily.com, reported that 200 **mortgage-related firms** nationally had collapsed or closed in 2009, the most ever tracked by the journal in a single year.
- **Rates on 15-year-fixed mortgages** averaged 4.47 percent in the third week of September, the lowest rate since Freddie Mac began tracking it in 1991.
- The sale of a **Gravesend house** for \$10.26 million, which was reported in September, was the biggest residential sale in Brooklyn in 2009.
- **The Gap** signed the largest long-term commercial lease of the year in September -- a 20-year deal for 265,083 square feet of office space at 40 Worth Street.
- In July, **storefront vacancies in Manhattan** reached 6.5 percent, the highest level since the early 1990s, according to a report by Marcus & Millichap.
- According to NYU's Furman Center, in the third quarter of 2009, there were nearly **6,000 foreclosure filings in the city** -- the largest number since it began tracking quarterly foreclosure

data in the early 1990s.

- **Russian energy mogul Andrei Vavilov** made the most expensive residential purchase of the year when he bought a \$37.5 million penthouse at the Time Warner Center in July. The unit was first listed for \$65 million.
- While final numbers aren't due out until later this month, in July, leasing brokers at CB Richard Ellis said **leasing activity in Manhattan** was likely to be the weakest on record since the firm began keeping records on it in the 1980s.
- The second quarter of 2009 saw the largest year-over-year drop, 25.6 percent, in **Manhattan's median sale price** for apartments ever recorded by appraisal firm Miller Samuel in the 10 years the company has been collecting data.
- **Sales volume** was also off 50 percent between the second quarters of 2008 and 2009, also a record in the decade since Miller Samuel has been tracking it.
- **Commercial non-multifamily sales in Manhattan** totaled \$3.2 billion in the first three quarters of 2009, down 92 percent from the same time in 2007, when sales totaled \$39.6 billion, according to an Eastern Consolidated report. The drop is the largest on record since the firm began keeping statistics in the early 1990s and, according to Anton, probably the largest decline of all time.
- **The national mortgage delinquency rate** -- which includes loans with at least one late payment -- reached a record 9.24 percent in the second quarter, according to the Mortgage Bankers Association.
- The rental tower called **the Brooklyner** topped off in June at 51 stories, surpassing the Williamsburgh Savings Bank Tower as the tallest building in the borough.
- **The Hamptons** saw its biggest sales volume drop in 27 years during the first quarter, according to a report released in May.
- For the first time in recent memory, **all major U.S. commercial real estate brokerage firms** - including Jones Lang LaSalle, CB Richard Ellis, Grubb & Ellis and Ifil Group, Cushman & Wakefield's Italian parent company -- reported first-quarter net losses, according to data released in May.
- In April, mega mall operator **General Growth Properties** and 158 of its properties made history by filing the biggest real estate bankruptcy in U.S. history. (Last month it reached a deal with creditors to move 77 of those properties out of bankruptcy by year's end.)
- In March, **Manhattan condo and co-op inventory** reached 10,445 units, the highest level ever tracked by appraisal firm Miller Samuel.
- **The National Association of Realtors** reported that its membership totaled 1.11 million in

March, the lowest level in four years and a roughly 18 percent drop from the highest level -- 1.37 million -- the association had on the books, in October 2006.